General Assembly

Distr.: General
19 February 2010

Sixty-fourth session
Agenda item 51 (*b*)

Resolution adopted by the General Assembly

[on the report of the Second Committee (A/64/418/Add.2)]

64/190. International financial system and development

The General Assembly,

Recalling its resolutions 55/186 of 20 December 2000 and 56/181 of 21 December 2001, both entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity", as well as its resolutions 57/241 of 20 December 2002, 58/202 of 23 December 2003, 59/222 of 22 December 2004, 60/186 of 22 December 2005, 61/187 of 20 December 2006, 62/185 of 19 December 2007 and 63/205 of 19 December 2008,

Recalling also the United Nations Millennium Declaration[1] and its resolution 56/210 B of 9 July 2002, in which it endorsed the Monterrey Consensus of the International Conference on Financing for Development,[2] and the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[3]

Recalling further the 2005 World Summit Outcome,[4]

Recalling its resolution 60/265 of 30 June 2006 on the follow-up to the development outcome of the 2005 World Summit, including the Millennium Development Goals and the other internationally agreed development goals, and its resolution 61/16 of 20 November 2006 on strengthening of the Economic and Social Council,

Recalling also the Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development

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[1] See resolution 55/2.

[2] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18–22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

[3] *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August–4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

[4] See resolution 60/1.

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to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008,[5]

Recalling further the Conference on the World Financial and Economic Crisis and Its Impact on Development and its outcome,[6]

Expressing deep concern over the adverse impact of the current world financial and economic crisis on development, which not only highlighted long-standing systemic fragilities and imbalances, but has also led to an intensification of efforts to reform and strengthen the international financial system and architecture,

Recognizing the substantive discussions held and the efforts made at the national, regional and international levels in response to the world financial and economic crisis,

Taking note of the decisions taken at the 2009 annual meetings of the International Monetary Fund and the World Bank, held in Istanbul, Turkey, on 6 and 7 October 2009

Reaffirming the purposes of the United Nations, as set forth in the Charter, including to achieve international cooperation in solving international problems of an economic, social, cultural or humanitarian character and to be a centre for harmonizing the actions of nations in the attainment of common ends, and reiterating the need to strengthen the leadership role of the United Nations in promoting development,

Recalling the commitment to work in solidarity on a coordinated and comprehensive global response to the crisis and its impact on development and to undertake actions aimed at strengthening the role of the United Nations development system in responding to the crisis and its impact on development,

Stressing the importance of commitment to ensuring sound domestic financial sectors, which make a vital contribution to national development efforts, as an important component of an international financial architecture that is supportive of development,

Recognizing the continued importance of good governance along with national ownership of policies and strategies, and recalling the commitment to promoting effective and efficient economic and financial institutions at all levels, which are key determinants of long-term economic growth and development, as well as to accelerating the collective recovery from the crisis through improved transparency, eradication of corruption and strengthened governance,

Stressing that good governance at the international level is fundamental for achieving sustainable development, reiterating in this regard the importance of promoting global economic governance by addressing the international finance, trade, technology and investment patterns that have an impact on the development prospects of developing countries in order to ensure a dynamic and enabling international economic environment, and reiterating also that, to this effect, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, finding a comprehensive solution to the external debt problem and increasing the market access of developing countries,

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[5] Resolution 63/239, annex.

[6] Resolution 63/303, annex.

Recognizing the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems and the importance of ensuring their openness, fairness and inclusiveness in order to complement national development efforts to ensure sustained economic growth and the achievement of the internationally agreed development goals, including the Millennium Development Goals,

1. *Takes note* of the report of the Secretary-General;[7]

2. *Reaffirms* that the United Nations, on the basis of its universal membership and legitimacy, is well positioned to participate in various reform processes aimed at improving and strengthening the effective functioning of the international financial system and architecture, while recognizing that the United Nations and the international financial institutions have complementary mandates which make the coordination of their actions crucial;

3. *Recalls*, in this regard, the resolve to strengthen the coordination of the United Nations system and all other multilateral financial, trade and development institutions so as to support economic growth, poverty eradication and sustainable development worldwide, based on a clear understanding of and respect for their mandates and governance structures;

4. *Underlines* the importance of the implementation of the Outcome of the Conference on the World Financial and Economic Crisis and Its Impact on Development,[6] and in this regard recalls the establishment of the ad hoc open-ended working group of the General Assembly to follow up on the issues considered therein;

5. *Notes* that the crisis has produced or exacerbated serious and wide-ranging yet differentiated impacts across the globe and that, since the crisis began, many States have reported negative impacts, which vary by country, region, level of development and severity, including massive reversal of private capital inflows, especially at the height of the crisis;

6. *Expresses serious concern* at the impact that the current world economic and financial crisis is having on all countries, particularly developing countries, stresses the need for actions that are commensurate with the scale, depth and urgency of the crisis to be taken, adequately financed, promptly implemented and appropriately coordinated internationally, and in this regard notes the significant work under way at the national, regional and international levels to mitigate the impact of the crisis;

7. *Reaffirms* the need to further develop the comprehensive response of the United Nations development system to the world financial and economic crisis in support of national development strategies through a coordinated approach by United Nations funds and programmes, the specialized agencies and the international financial institutions at the country level;

8. *Notes* that global economic growth and a stable international financial system, inter alia, can support the ability of developing countries to pursue their national policy objectives and achieve the internationally agreed development goals, including the Millennium Development Goals, and stresses the importance of cooperative and coordinated efforts by all countries and institutions to cope with the risks of financial instability;

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[7] A/64/178.

9. *Stresses* that this crisis has added new impetus to ongoing international discussions on the reform of the international financial system and architecture, including on issues related to mandate, scope, governance, responsiveness and development orientation, as appropriate;

10. *Notes* that major failures of regulation and supervision, plus irresponsible risk-taking by banks and other financial institutions, had created dangerous financial fragilities which contributed significantly to the current crisis, and stresses the need for greater transparency and better regulation and supervision of the international financial system by, inter alia, strengthening prudential oversight, improving risk management and reinforcing international cooperation, while noting ongoing reforms in this regard;

11. *Emphasizes* the need for global concerted efforts to restore global economic growth, particularly in developing countries, also emphasizes, in this regard, the need to take into account the human and social impact of the crisis, and underlines the need to promote a job-intensive recovery from the crisis, drawing on the decent work agenda and through the implementation of the resolution entitled "Recovering from the crisis: a Global Jobs Pact", adopted by the International Labour Conference at its ninety-eighth session;

12. *Stresses* that developing countries facing an acute and severe shortage of foreign reserves because of the fallout of the crisis can use, as a measure of last resort, temporary capital account measures, in accordance with the relevant bilateral and multilateral agreements, in order to help to mitigate the adverse impacts of the crisis;

13. *Notes* that developing countries can seek to negotiate, as a last resort, on a case-by-case basis and through existing frameworks, agreements on temporary debt standstills between debtors and creditors in order to help to mitigate the adverse impacts of the crisis and stabilize macroeconomic developments;

14. *Recalls* that countries must have the necessary flexibility to implement counter-cyclical measures and to pursue tailored and targeted responses to the crisis, and calls for a streamlining of conditionalities to ensure that they are timely, tailored and targeted and support developing countries in the face of financial, economic and development challenges;

15. *Notes*, in this regard, the recent improvement of the lending framework of the International Monetary Fund through, inter alia, streamlined conditions and the creation of more flexible instruments such as a flexible credit line, while also noting that new and ongoing programmes should not contain unwarranted pro-cyclical conditionalities;

16. *Urges* international financial institutions to continue their efforts to mitigate the global economic impacts of the current crisis, including through the provision of financial resources to developing countries, stresses the need to assist developing countries in responding to the crisis without incurring the risk of relapsing into another debt crisis, takes note with appreciation in this regard of the additional resources that have been made available through the International Monetary Fund and the multilateral development banks, and calls for the continued provision of concessional and grant-based financing to low-income countries to enable them to respond to the crisis;

17. *Notes* recent progress on reform of the governance structures of the international financial institutions, and reaffirms the commitment to broaden and strengthen the participation of developing countries and countries with economies in

transition in international economic decision-making and norm-setting, while stressing the importance to that end of continuing efforts to reform the international financial architecture, and acknowledges the need for continued discussion on the issue of the voting power of developing countries in the Bretton Woods institutions, which remains a concern;

18. *Reaffirms* the need to address the often expressed concern regarding the extent of representation of developing countries in the major standard-setting bodies, therefore welcomes, as a step in the right direction, the expansion of the membership in the Financial Stability Board and the Basel Committee on Banking Supervision, and encourages the major standard-setting bodies to further review their membership promptly while enhancing their effectiveness, with a view to expanding the representation of developing countries as appropriate;

19. *Notes* the important role played by recent allocations of special drawing rights in increasing global liquidity, recognizes the need to continue regular reviews of the role of special drawing rights, including with reference to their potential role in the international reserve system, and requests the Secretary-General to take this into account while preparing his report on the implementation of the present resolution;

20. *Also notes* the value of regional and subregional cooperation efforts in meeting the challenges of the global economic crisis, and encourages enhanced regional and subregional cooperation, for example, through regional and subregional development banks, commercial and reserve currency arrangements, and other regional initiatives, as contributions to the multilateral response to the current crisis and to improved resilience with respect to potential future crises;

21. *Invites* the international financial and banking institutions to enhance the transparency of risk-rating mechanisms, noting that sovereign risk assessments made by the private sector should maximize the use of strict, objective and transparent parameters, which can be facilitated by high-quality data and analysis, and encourages relevant development institutions, including the United Nations Conference on Trade and Development, to continue their work on this issue, including its potential impact on the development prospects of developing countries;

22. *Invites* the multilateral and regional development banks and development funds to play a vital role in serving the development needs of developing countries and countries with economies in transition, including through coordinated action, as appropriate, and stresses that regional development banks and financial institutions add flexible financial support to national and regional development efforts, thus enhancing their ownership and overall efficiency, and in this regard calls upon the international community to ensure that multilateral and regional development banks are adequately funded;

23. *Requests* the Secretary-General to submit a report to the General Assembly at its sixty-fifth session on the implementation of the present resolution;

24. *Decides* to include in the provisional agenda of its sixty-fifth session, under the item entitled "Macroeconomic policy questions", the sub-item entitled "International financial system and development".

66th plenary meeting
21 December 2009